

# The Commercial Club Committee's Street Railway Report

## Adopted 333 to 36

At an open meeting of the Commercial Club Friday evening, May 8, a resolution was adopted to have a committee appointed to represent the Commercial Club at the conference between the City and the Receivers of the Metropolitan Street Railway Company. On May 18 the Board of Directors appointed the following committee: O. V. Wilson, chairman; Franklin D. Crabbs and J. C. Lester. This committee made its report Tuesday, June 16. It is herewith given in full:

Report of the Special Committee Appointed by the Board of Directors of the Commercial Club on the New Street Railway Franchise.

To the Directors of The Commercial Club:

In arriving at its conclusion, and in making a recommendation in the matter of the pending ordinance granting a franchise to the Kansas City Railway Company, commonly known as "the new Metropolitan franchise," your committee, as your nominated adviser, has been at all times deeply conscious of the great responsibility of its duties and moved by an earnest desire to be just and fair both to the city and to the owners and creditors of the street railway company. We earnestly ask you to approach the subject as you would any question of importance arising in your daily business. If you think you have scores to settle, forget them. In considering street railway service let us be governed by the universally recognized fact that our comfort and convenience depend on its operation today and tomorrow—not yesterday. It is the prime duty of a commercial organization like ours to free questions of this kind of all personal and political bias. The Commercial Club of Kansas City will, and must, do this, or it will not have the influence which belongs to it in a settlement of the questions now being debated.

Your committee urges the members of the club to read the franchise ordinance carefully. This is absolutely necessary to properly understand its provisions, be they good or bad. We have found that the most pointed criticisms of the pending ordinance were made by those who had never read it. We have heard frequently the declaration that "the franchise does not give us all we ought to get" from good citizens who have never informed themselves as to what in reason we could ask for, or what there was a reasonable probability of our getting.

We have accepted the figures of the engineers in regard to the value of the property and the earnings and expenses of the Metropolitan Company as true. We believe they are true. The city's representatives have verified every important calculation, and the figures which in the ordinance represent the capital value of the property of the company at \$30,000,000 (\$25,800,000 of which is in Missouri) are a reconciliation and compromise of the estimates of engineers representing both the company and the city. The rules used by the engineers in fixing a value for the property, physical and intangible, are those which have been adopted and used by courts and engineers in this country and in Europe during the last twenty years, and certainly no citizen with a reasonable faith in the growth of Kansas City will deny the probable accuracy of the tables showing the future earnings of the street railway company with a 5-cent fare.

Whatever may be the views of the individual members in regard to a franchise, they ought not to reject the one now pending before they have studied the elaborate, minute and scholarly reports bearing on the case prepared by the engineers appointed by the United States Court, the company and the city.

Bear in mind that the popular demand on street railways now is for service, and in Kansas City, especially, for better service; that is, for more power, more trackage and more cars. This simply means more money, and the money must, in the present case, come from some other source than the treasury of the company. Everyone seems agreed that the company must borrow to meet the demand for improvements that are thought to be immediately necessary. If our faith in our city be justified, they are necessary.

It is hardly necessary for us to point out that in the process of borrowing the lender must be consulted. No matter how much we may object to that condition, the amount loaned and the rate of interest will depend on the security offered. Without undertaking to discuss the fairness or unfairness of many communities towards their local traction interests, it is a fact that these interests and the securities issued by them have been so long under the stress of opposition from one quarter or another, or for one reason or another, that they are no longer found on the preferred lists of large investors. We have grave doubts as to the success of an issue of street railway securities based on a franchise with a shorter term than thirty years. We do not believe that a substantially shorter (7) year mortgage which it is agreed we must have, and secure it at a reasonable rate of interest.

The franchise as drawn contains many matters of operative detail, which we leave to the experts, and many sections (see Section 11) which affect special interests, which we think can be safely left as written in the franchise by the interests affected. But there are features of great general importance in which every citizen is interested, and these ought to be, and are, here separately and particularly treated.

In June, 1911, receivers were appointed in the United States Court for the street railway companies and the property since that date has been and is now being operated by receivers.

A suit is pending in the United States Circuit Court to foreclose the mortgage given in 1895 covering the street railway system as it then existed, being, mainly, the lines now in the central portion of the city, to secure payment of \$7,200,000.

Another suit is also pending in the same court to foreclose the mortgage given in 1903, covering, chiefly, railway lines and property constructed and acquired under the provisions of what is known as the "Peace Treaty," an ordinance passed during the first year of the second term of Mayor Reed in 1903.

Mortgage bonds of the company, amounting in round numbers to \$22,000,000, are due and remain unpaid.

The total indebtedness of existing railway companies, secured by mortgages and pledges of property, amount in the aggregate to about \$28,700,000, a considerable portion of which is now bearing interest at the rate of 6 per cent per annum.

Judge William C. Hook of the United States Circuit Court, before whom the receivership and the foreclosure proceedings above mentioned are pending, has stated that he cannot in reason and with justice much longer deny the holders of existing and overdue bonds the right and privilege to foreclose their mortgages.

In 1911 Judge Hook instructed the receivers to ascertain whether or not the city was willing to negotiate a new street railway franchise, and if so to enter upon negotiations. The receivers, acting on his instructions, took up the question of a new franchise with Mayor Brown and negotiations have been going on ever since.

The only alternative to the making of a new franchise is for the existing mortgages to be foreclosed, the property sold and afterwards operated by the parties who may become the purchasers of it. At any such sale the property will, in all probability, pass into the hands of one or the other of the several classes of mortgagees or bondholders, and possibly different portions of the street railway system may pass into the hands of different owners.

We find that more than \$37,000,000 have been invested in the street railway property, and that there exist mortgage liens amounting in the aggregate to \$28,700,000, with eleven years remaining of the term of existing franchises.

We are advised that during the remainder of the term of existing franchises, which expire June 1, 1925, the street railway companies meeting their obligations under the "Peace Agreement" can make a legitimate profit of between 10 million and 12 million dollars.

Under such conditions, if a new franchise be not granted, it is not to be expected that the owners and operators of the property will make any extensions or betterments which they will not be compelled by the city to make, or render any better service than they will be compelled to render. In other words, it will certainly be to their interest to make as large a profit as possible, at the expense of improvements, betterments and of service out of the remaining life of the present franchise. Present needed improvements and extensions would certainly be indefinitely delayed and postponed. During the whole of such period, until the expiration of the present franchise, or until some other arrangement be made, there will inevitably be prolonged and bitter controversies between the city and the street railway company in regard to improvements and the rendering of proper service. Such a condition would be disastrous and ought to be avoided.

In view of these facts and circumstances, our conclusion is that a new franchise is not only desirable, but is necessary in the best interest of the city and its commercial welfare, and for the general benefit of all our citizens.

The proposed new franchise requires that a corporation be organized under the laws of Missouri. It provides (Section 4) that the total amount of mortgage indebtedness and capital stock shall never, at any time, exceed the value of the company's property, and expressly provides that the company shall never issue either stock or bonds against the value of the franchise granted by the new ordinance. (The actual capitalization and authorized mortgage indebtedness of the company is under the control and supervision of the State Utilities Commission.)

The new company is to have eleven directors, five of whom are to be named by the city. The number of directors shall never be increased or diminished without consent of the city, by ordinance, and the Board of Directors is prohibited from delegating any power to any executive or managing committee without the unanimous consent of the city's directors.

The office of the company (Section 5) is to be maintained in Kansas City, Missouri. All books and records of the company are to be kept here, and the city shall, at all reasonable times, have the right of inspection and may cause annual audits to be made. The books are to be kept under the

supervision of the Board of Control. (Section 7, Subdivision 5.)

To the new company, which has been organized as The Kansas City Railway Company, the city proposes in the new franchise to grant the right to acquire, construct and maintain a street railway system upon the streets described in the ordinance, which includes the streets on which car lines are now located, and on which extensions are required to be made by Section 11 of the new franchise.

Before this grant, or any right thereunder, will vest in the new company, it is required to acquire all existing street railway property in Missouri, free and clear of all liens and encumbrances of every character (except judgments or injuries to personal property, provision for payment of which is made in Subdivision 3 of Section 27 of the ordinance). It is expressly agreed that the obligations of the company to the city, under the proposed contract, shall be the first and paramount obligations of the company, superior to all other obligations, liens or rights against any of its property or earnings.

All the existing street railway franchises will expire June 1, 1925, except the franchises on the Dodson line and on the Marlborough line, which are owned by the Kansas City Belt Railway Company, and were granted by the State years before any portion of those lines were taken into the city limits. The proposed franchise will extend the term of the franchises for fifteen years. The new franchise provides (Section 2) that all franchises will expire at the end of thirty years from the date the ordinance is adopted by the people, unless sooner terminated by forfeiture or by the city taking over the property, under the provisions of the new franchise.

It is the purpose of the proposed franchise to require, first and foremost, first-class street car service. Every right of the company is made subject and subordinate to the right of the city to have first-class, modern street car service.

Service must be rendered before the company becomes entitled to 6 per cent or any per cent, on its capital value, or to any other return or benefit through the operation of the property.

Subject to the right of the city to secure and compel first-class street car service, the purpose of the franchise is to secure to the company the repayment of the money invested in street railway property to the amount of the capital value as fixed by the franchise, with interest thereon at the rate of 6 per cent per annum.

These purposes are declared in various provisions of the franchise and are expressly stated in Section 3 of the proposed franchise as follows: "That the first and primary purpose in the making of this contract is to secure to the public first-class modern street car service."

In support of this obligation, and in aid of its enforcement, the proposed franchise further provides (Sec. 1) that "the obligations of the company to the city created by this ordinance shall be the first and paramount obligation of the company and superior to any other obligation, lien or right upon or against any of its property or the earnings thereof"; and that the city shall participate in the management of the company by selecting five members of the Board of Directors, and (Sec. 6) by naming one of the two members of the Board of Control, whose duties are prescribed in Section 7; and (Sec. 7), that "nothing in this ordinance shall be so construed as to take away or abridge any power now or hereafter possessed by the state or city to supervise and regulate the operation of the property, including the routing, stopping and scheduling of cars, so as to secure for the public the best possible service and accommodation; and the state or the city may, at any time, employ any power it has for that purpose, independently of any action by the city's Directors or by the Board of Control"; and (Sec. 26) that the city may control the letting of contracts for all material and work to be done by the company; and (Sec. 27) that all the terms, conditions and covenants of the contract are made to run with the property in whatever manner it may be mortgaged, sold, transferred, or conveyed; and (Sec. 30) that every mortgage shall conform and be subject to the provisions of the proposed franchise; that the property in Missouri shall never be mortgaged without consent of the city, or mortgaged to secure any obligations in excess of the capital value of the property in Missouri—

of this ordinance, and must, before the same shall be valid, be approved by the City Counselor in writing endorsed thereon"; and (Sec. 31) that the city may object to excessive salaries; and (Secs. 52 and 53) the city may enforce compliance with the contract by forfeiting franchise rights, by passing ordinances for the enforcement of its obligations and by other legal and equitable remedies.

To further secure proper and adequate street car service, it is provided in Section 10 of the contract that all cars operated by the company shall be of the best quality and style, and that the equipment shall at all times be equal to that of the best managed and equipped lines of street railway in the United States, and that the company shall at all times operate a sufficient number of cars to fully accommodate public travel.

For the immediate improvement of the service, it is provided in Section 11 of the contract that within three years from the date of its adoption, the company shall expend \$1,500,000 in repairing its tracks, road-bed and streets, and shall also purchase not less than twenty-five additional cars in each year, and shall also, within said three years, construct and complete the extensions specified in Section 11, amounting to about seventeen miles of single track.

In making the improvements required in Section 11, we are advised, the company would expend, within three years, about \$3,500,000.

The proposed franchise provides that no extensions shall be made or new lines acquired by the company unless first authorized by ordinance; and that the city shall have the right at any time after the expiration of three years, to require the company to construct four miles of single, or two miles of double track, in each year; and in addition thereto, such other extensions as will, in the judgment of the Board of Control, produce an income on the investment in such extension of not less than 6 per cent per annum, above the expense of operating and maintaining such extensions.

The city or its inhabitants may also build an extension (Sec. 11-c) and the company may be required to operate it upon fair and just terms.

Other features of the proposed franchise, directly connected with the question of service, are the provisions relating to the Board of Control (Sec. 6) and its powers and duties (Sec. 7). The company is required immediately to appoint a Board of Control, consisting of two persons, one of whom shall be at all times designated by the city and may be discharged at any time by the majority of the city's Directors, the Mayor concurring, and they may also designate a successor.

The duties and powers of the Board of Control are prescribed in Section 7 of the ordinance. Briefly stated, the Board is charged with the duty of supervising the routing and scheduling of cars, in accordance with ordinance or orders of the Public Service Commission, as the case may be; to supervise the maintenance of the street railway and of cars and equipment, construction and additions to plant and property, and of all work in relation thereto; to determine and certify to the city and the company expenditures to be charged to capital account, and properly classify all other expenditures; to determine the system of keeping books of accounts of the company, and supervise their keeping; to inspect and audit all evidences of disbursements of money and prepare and file with the city and with the company, semi-annually, complete statements of receipts and disbursements.

The members of the Board of Control are clothed with equal authority. Any differences between them, which they cannot reconcile, are to be submitted to a disinterested and qualified arbitrator, to be selected by the Judges of the Kansas City Court of Appeals, thus avoiding the delay and expense incident to litigations as effectually as is done by arbitration in the great trade exchanges of the country.

The proposed franchise provides (Sec. 9) that, until fares be reduced, the company shall for a single fare of 5 cents, carry each passenger over 12 years of age, and for a single fare of 2 1/2 cents carry each passenger 12 years of age and under, from starting point to destination, over its entire system within the city. Children under 8 years of age, accompanied by person paying fare, ride free. The issuing of passes is prohibited. Employees of the company, policemen and firemen are permitted to ride free.

The company is required to grant universal transfers free, over all parts of the system of the city. The company is also required to grant transfers over all parts of the system in Kansas, substantially in the same manner as transfers are now granted, the city having the right, by ordinance, to regulate intercity transfers.

Investigations made by your committee convince us that lower fares than those specified in the ordinance are impracticable at this time, owing to the crippled condition of the company, and ought not to be insisted upon now. We are advised by tables compiled by the engineers that a reduction of fare from 5 cents to six tickets for a quarter makes a reduction of 16 per cent in the revenue of the company, and that allowing for a normal increase of traffic by reason of a reduced fare, the net reduction in income is about 14 per cent gross, and that on a fare of six tickets for a quarter the company will now lose money.

The gross income of the street railway system, as now operated on a 5-cent fare, is about \$7,100,000 per year, and the net income is about \$2,485,000. A reduction of 14 per cent which would be caused by six tickets for 25 cents would make a decrease of \$994,000 in the net income, leaving a balance of about \$1,491,000, which would cause a net deficit for the first year of about \$300,000.

We are advised that under the universal transfer system adopted in this city, the present rate of fare is equivalent to only 3 1/2 cents in cash. We are advised that in Cleveland and Toronto, where reduced rates of fare have been found practicable, the Street Car Company is relieved of all obligation to pave and maintain pavements.

In Kansas City the Street Railway Company is required to pave and maintain the pavement between tracks, between the rails, and for eighteen inches outside the outer rail. For these purposes the company has already invested in Kansas City, Missouri, about \$2,000,000, and this work is still going on.

We are advised that the density of population of cities is an important factor in considering the rate of fare, and directly affects the income and operating expenses of the company.

The Cleveland Street Railway Company serves a population of 613,000. In 1913 the Cleveland Street Railway Company operated 25 per cent more car miles than the Metropolitan system, and at the same time carried approximately 100 per cent more passengers. According to the 1910 census there were in Cleveland 2,187 people per mile of track. In Kansas City, by the same census, there were only 1,262 people per mile of track.

We are informed that the two miles of extension now being constructed in Cleveland is the only extension which has been made to the street railway system since the Cleveland franchise went into effect about 1909, for

the reason that the 3-cent fare in effect there creates only a sufficient net amount to pay in the interest on the capital value as agreed in the franchise. Any substantial extension of the system would necessarily increase fixed charges and make necessary an increase in the rate of fare.

For the reasons above stated, we are convinced that a 5-cent fare in Kansas City at this time is no more than is reasonable and just, and that a present reduction in the rate of fare would be unwise and ought not to be insisted upon.

The proposed franchise provides (Sec. 25) that the entire net earnings of the company shall be credited to the city and used by the company to pay for extensions and additions to property until the sum of \$5,500,000 is so used. Thereafter, two-thirds of the surplus income belongs to the city, and one-third to the company. As soon as the \$5,500,000 shall have been invested, as provided, which we are informed will be in about seven years, the city may, by ordinance, reduce the fare to the full amount of the two-thirds interest of the city in the net profits; that is, the rate of fare may be so reduced that the street car used will get the benefit of a reduction to the whole or to such part of the city's interest in the net profits as the common council may then determine. It is also provided that the city may use its share of the net profits to purchase the street railway system or turn the same into the city's treasury as we hereafter more fully describe.

When it is considered that the depreciated value of the street railway property as fixed after reconveyance by the engineers representing both the company and the city is \$22,500,000, and the value of the remainder of the term of the franchises under which the company is now operating is estimated by the engineer representing the city at \$10,000,000, a total of \$32,500,000, the amount of \$30,000,000, which is allowed the company for capital value in both Missouri and Kansas, seems to us a fair and reasonable basis for a new franchise.

It is of interest to note in this connection that the amount allowed for intangible values, unexpired franchises, etc., in fixing the capital value of the street railways in Chicago was \$10,000,000, and in Cleveland \$4,000,000, and there is no provision in the franchises of those cities for putting back into the property, for additions and extensions, money derived from the profits without an increase of capital value, which is provided in the proposed Kansas City franchise. (Sec. 27.)

The Street Railway Companies for the city, and Mr. Blon J. Arnold, who made a similar examination under the order of Judge Hook for the receivers, that each of these reports (which are submitted herewith as a part of this report) show that there has been invested in street railway property \$21,300,000, excluding sums paid for franchises purchased when one company was taken over by another, and all other items deemed by either of them to be questionable.

According to computations made by Mr. Arnold, for the receivers, who ever operates the street railway property under the existing franchises to the expiration thereof in 1925, will make a net profit of \$13,000,000.

According to computations made by Mr. L. R. Ash, engineer for the city, such net profit will amount to about \$10,000,000.

By order of Judge Hook, Blon J. Arnold was engaged to make an inventory and appraisal, for the receivers, of all street railway property in Missouri and also in Kansas. His report shows that the depreciated value, on the basis of an unprotected investment, was, on June 1, 1912, \$24,454,323.17.

Mr. Arnold appraised all the street railway property, including the property of the Kansas City Westport Belt Railway Company, and all elements of value in Missouri and Kansas in round numbers, at \$37,405,008, as of June 1, 1912.

Mr. L. R. Ash and Mr. P. J. Kealy were requested by the city and the receivers to compare and review their respective appraisals and endeavor to reconcile their differences. Under date of September 6, 1912, they agreed, in writing, that the total depreciated value of the physical property only, as of May 31, 1912, was \$22,500,000. Eighty-four per cent thereof is in Missouri and 16 per cent in Kansas.

There can be no question but that property of the character of the street railway property in a city like Kansas City has a value in excess of the cost of reproduction less depreciation—that is, the difference between the present value of material and the cost, when new, of like material.

The stockholders will go no dividends under the proposed franchise until after \$6,300,000 has been put back out of the earnings.

By Section 14 of the ordinance the company is required to construct what is known as the Union Station loop, extending from Southwest boulevard, on Broadway, to Twenty-fourth street, thence to Main street, thence on Main to Nineteenth street. The title to the loop will rest absolutely in the city. It is to be paid for by the city out of its share of the net income. We understand that it will be paid for out of the \$6,300,000 net profit. The city will have the right to permit any railroad company to use the station loop on just terms.

The franchise does not attempt to take from or add to the rights acquired by the terminal company under its franchise contract. The obligations of the terminal company to the city, and of the city and street railway company to the terminal company, remain as fixed by the terminal franchise, and the right to enforce them is expressly reserved to the terminal company.

Section 16 in regard to interurban lines provides that the city may construct or authorize the construction of a central interurban passenger station—a proposition which ought to be developed in a way that will be very beneficial to interurban passengers, merchants and citizens generally, as well as the street railway company and the interurban companies.

The franchise (Section 18) provides for the overhead trolley system, but also provides that the city may at any time after three years require any portion of the street railway lines in congested districts of the city to be operated by underground instead of overhead system.

In regard to the disposition of earnings, the proposed franchise (Section 27) provides that the gross earnings of the company in Missouri shall be paid out as follows:

First. All expenses of maintenance and operation, including maintenance necessary to provide first-class modern service, shall be first paid. Taxes and public charges of every kind shall also be paid by the company as they accrue.

Second. Six per cent per annum shall be paid semi-annually on the amount of capital value.

Third. All liabilities for personal injury and property damaged are to be paid as a special operating expense.

Fourth. The whole of the remainder of the earnings are to be credited to the city and used to pay for extensions and additions to property until the sum of \$6,300,000 is so used, and thereafter the surplus income shall be divided and paid—two-thirds to the city and one-third to the company. At that time as above stated, fares may be reduced or the full amount of the city's share of the surplus may, by ordinance, approved by the people, be applied to any municipal purpose. Unless the city ordains otherwise, the city's share of the surplus will be used in payment of extensions and additions to property, for which the company would otherwise be required to borrow money, the amount of which would be added to capital value. When the city's surplus is used to pay for additions and extensions, capital value is not increased. In effect, the city by that means will invest its share of the surplus at the rate of 6 per cent per annum.

In former franchises and contracts no provisions have been made for taking care of the property at the end of the terms. For that reason, mortgages were made to expire several years beforehand so that bondholders would have a margin of time after the maturity of their bonds in which to compel payment of them before the expiration of the franchise. To prevent end of the term the city may take over the property, on payment of the unpaid portion of the capital value, or transfer this right to any other person or corporation, or may renew the contract with the company, or require the company to continue to operate under this contract, pending other arrangements; or the city may actually take possession of the property, to the exclusion of the company, and operate it by three city directors, as trustees, and pay out of earnings, the unpaid portion of the capital value.

We consider these provisions fair and just, both to the public and to the company. It is not practicable within the limits of this report to review all the provisions of the ordinance. We have read the franchise with great care, and are satisfied that while it is fair and just to the company, it is also just and fair to the public and that the public interest is carefully safeguarded and protected.

Among other things, the city has reserved the right, after three years, to require the company to change the overhead system to underground, to be changed by contract of the city, and the motive power may be by Section 27 of the proposed franchise the total receipts of the company are pledged, in the first instance, to payment for street car service, and by Section 28, 16 per cent of the gross is required to be set aside monthly for maintenance.

Unless the city's share of the net profit is used in reduction of fares, or for other municipal purposes, the capital value will be reduced by the application of the city's surplus in accordance with the provisions of the new franchise by 1933 to 50 per cent of the capital value of the property, and at that time the city will have the right to take absolute possession of the property and the company's right to participation in the profits will cease, and the city will get all the net profits; and according to the tables of the engineers, by 1942 the entire capital value will have been paid off and the city will own the entire street railway system, free of debt, without having invested any money except the city's share of the profits, under the new franchise. When the city acquires the ownership of the property, it may operate it or lease it, or make such disposition of it as it sees fit.

Section 32 of the proposed franchise provides that there shall be no disaffiliation either in favor of or against any person because of affiliation with any labor organization.

We recommend that the franchise be granted to The Kansas City Railway Company. We believe that the mayor, the city counselor, the council committee, the engineers and accountants employed by the city have worked faithfully and ably for interests of the city. It is, of course, not perfect—but, in our judgment, it represents several years of deep study and conscientious hard work on the part of the representatives of the city, and as a contract it is a fair and equitable arrangement both for the city and the company.

(Signed) O. V. WILSON,  
FRANKLIN D. CRABBS,  
J. C. LESTER.

U. S. JUDGE HOOK APPROVES NEW MET. FRANCHISE.

Federal Jurist in Order Issued Today, Says Ordinance Should be Adopted by the People.

DECLARES IT FAIR TO ALL

Decision Reached After Having Studied Question From All Sides—Not One Objection.

Judge William C. Hook, administering the receivership of the Metropolitan Street Railway Company, issued an order this morning recommending to all the parties interested in all the properties that the proposed franchise be adopted and that at the provisions of the ordinance be carried out.

The approval of Judge Hook was necessary before the franchise could be submitted to the people under the terms of section one. If there was one point objectionable to the court it was within the power of the court to say that the ordinance should not be submitted. After going over the ordinance thoroughly, Judge Hook issued his order approving the action of the receivers. He viewed the franchise from the standpoint of the company, the city and the people as a whole.

The court's approval of the franchise means that it is considered fair for everybody. The order is made with reference to all lines in the system. The order follows:

"In the District Court of the United States for the Western Division of the Western District of Missouri.

"Kansas City Railway & Light Company, complainant, vs. Metropolitan Street Railway Company, et al., defendants. In equity No. 3720.

"Old Colony Trust Company, complainant, vs. Metropolitan Street Railway Company, et al., defendants. In equity No. 3904.

"New York Trust Company, et al., complainants, vs. Metropolitan Street Railway Company, et al., defendants. In equity No. 4004.

"The Equitable Trust Company, et al., complainants, vs. Metropolitan Street Railway Company, et al., defendants. In equity No. 40.

Order.

"This cause came on for hearing this 20th day of June, 1914, and the court having fully inspected the proposed franchise ordinance to the Kansas City Railway Company approved by the mayor June 15, 1914, and the amendments to sections 16 and 52 adopted by the council upon the same date, and the court being fully advised in the premises, recommends to the parties interested in all the properties mentioned in said ordinance and the amendments thereto, that the said ordinance be fully carried out.

(Signed) WILLIAM C. HOOK, Circuit Judge."

BLACK EYE IF THE FRANCHISE LOSES.

Every Property Owner and Business Man Will Feel Its Effect.

MEANS YEARS OF STRIFE.

General Manager Young of Montgomery Ward & Co. Gives His View.

Speaking for himself and for what he believes to be the best interests of the 2,000 employees of Montgomery Ward & Co., the big mail order house at Nineteenth and Campbell streets, which is completing a plan costing more than \$1,000,000 at St. John and Belmont avenues, Andrew Young, general manager of the plant in Kansas City, yesterday placed his hearty indorsement on the street railway franchise.

"I realize that we do not want to see the welfare of Kansas City damaged further," said Mr. Young. "No city can develop without adequate street car service. My opinion is that the best franchise has obtained about the street car service possible for our street car users. I also realize that if this franchise does not carry it means a foreclosure. If that should occur it would cause a dismemberment of the lines, which then would be operated individually without transfers and the whole matter would be tied up in the courts for years, thereby seriously retarding the development of Kansas City.

Former Warning Recalled.

"This is something, I feel sure, that no fair-minded man wants to see. Kansas City already has been given a black eye from which it will suffer for years to come. I know that some persons scoff when one speaks of foreclosure proceedings and probable dismemberment of the lines. 'Oh, they won't do that,' they say. 'Have no fear, never worry, they won't do that.'

"But I recall that when the franchise question was up in December, 1909, and the people were told that if the company could not obtain an extension to its franchise to enable it to borrow money to pay its debts, it would have to go into the hands of receivers, these very same people who now scoff at the suggestion of a franchise were just as loud in saying then, 'Oh, have no fear, never worry, there will be no receivers. That's just a bluff. They won't do that.'

"But I recall that receivers were appointed when the franchise failed to carry, just as the people were warned. Therefore, I have no reason to doubt that foreclosure proceedings would be pushed should this franchise fail.

Do not be alarmed because you heard that some one said something not complimentary about you. People have always said ugly things about those who struggle to be, and are achieving something; those against whom there is nothing said, are negligible quantities—people talk about those who are doing good. You go ahead, like the ancient philosopher who, when he was asked by an apparent friend, who really desired to help the old sage, what he could do for him, replied, 'Please stand out of my sunshine.' That is all the alert, energetic aspiring young person asks; 'stand out of my sunshine.'